

*For
Immediate
Use*

NEW QUEBEC RAGLAN MINES LIMITED
Annual Meeting - April 10, 1967

Remarks by Mr. H. J. Fraser, President

It is my pleasure to again welcome you to this, the company's annual meeting, and to report the results of our activities in 1966 and to comment on the 1967 program.

Results of the 1966 drilling are tabulated in the annual report and in many regards they are encouraging. However, without any previous history of mining in the area, we are concerned as to the attitude, shape and size of the indicated lenses, orebodies, etc. We are convinced that underground examination of the nickel, copper, sulphide bodies intersected by diamond drilling is a necessary part of the program before a sound appraisal of the property can be completed.

Costs are a matter of concern in this region of severe climatic conditions and last year's program showed a major overrun in cost. Major expenditures will be required to install transportation facilities of all kinds, that is, truck roads, docks, air strips, etc. and it is necessary to thoroughly evaluate the short and long term potentials of the property before such sums are committed.

The recent release of the Carter report will, of course, require a rethinking and re-evaluation of this project. We have already seen the impact of the current manpower and wage situation, plus the shock of the Carter report, on the Asbestos Hill project. If current trends continue it is by no means certain that even the Raglan high grade ore will remain economic.

However, our 1967 work is underway and freighting supplies and equipment to the property commenced early in February shortly after the first crew arrived on the job. The present drilling program will be continued until mid-summer and in the meantime the entire situation carefully reviewed.

NEW QUEBEC RAGLAN
MINES LIMITED

ANNUAL REPORT—1967

NEW QUEBEC RAGLAN MINES LIMITED

HEAD OFFICE	7 King Street EastToronto
DIRECTORS	R. CampbellToronto P. S. CrossToronto E. T. DonaldsonToronto H. J. FraserToronto *R. C. MottToronto **J. R. SmithToronto
OFFICERS	H. J. FraserPresident D. S. KerbyVice President **J. R. SmithVice President J. L. MatthewsSecretary J. T. McWhirterTreasurer * Deceased January 14, 1968 ** Appointed April 4, 1968
PROJECT OFFICE	1440 St. Catherine Street WestMontreal
AUDITORS	Thorne, Gunn, Helliwell & ChristensonToronto
REGISTRAR AND TRANSFER AGENT	The Sterling Trusts Corporation 372 Bay StreetToronto
ANNUAL MEETING	Thursday, May 9, 1968 11:00 a.m. — Elizabeth Room King Edward Sheraton Hotel, Toronto

NEW QUEBEC RAGLAN MINES LIMITED

REPORT OF THE DIRECTORS

Your Directors submit herewith a report on the Company's operations for the year ended December 31, 1967 together with the consolidated financial statements of the Company and its subsidiary, Raglan Quebec Mines Limited, and the Auditors' Report thereon.

An amendment to the 1965 agreement entered into between Falconbridge Nickel Mines Limited, Bilson Quebec Mines Limited, your Company and Raglan Quebec Mines Limited, was approved at the Annual and General Meeting of Shareholders held on April 10th, 1967. As a result Raglan Quebec applied for supplementary letters patent increasing its capital by the creation of 7,500,000 6% redeemable non-voting preferred shares of the par value of \$1.00 each. Subsequent to the issuance of such supplementary letters patent Raglan Quebec entered into an agreement with Falconbridge wherein Falconbridge agreed to continue further prospecting, exploration and development work on the Raglan properties in consideration of the issue to it of one preferred share for each one dollar expended by it on such work.

Under this agreement, Falconbridge incurred expenditures of \$2,105,978 during the period May 1, 1967 (the date of such agreement) to December 31st, 1967 for which it is entitled to receive 2,105,978 preferred shares. The balance of the expenditures made during the year amounted to \$218,000

and was paid for by Raglan Quebec Mines Limited.

Working capital at year-end amounted to \$1,170,179. In addition shares of Asbestos Corporation Limited owned by the Company had a market value of \$1,284,476.

During the year the Company's four contiguous properties in the nickel-copper belt located in the Cape Smith-Wakeham Bay area of Ungava, New Quebec were held under Mineral Exploration Licenses designated PRM 160, PRM 174, PRM 175 and PRM 176. These Licenses have been renewed for a further period of six years each. A group of 65 claims which adjoin the northern boundary of PRM 176 was allowed to lapse, and two claims located immediately south of PRM 174 were maintained in good standing.

Activities at the Site

Surface exploration was continued within the Raglan and Katiniq areas, while limited reconnaissance mapping, prospecting and aeromagnetic surveys were carried out elsewhere on the Company's properties. The following diamond drilling was completed during the year:

Raglan area	23 holes	22,182 feet
Katiniq area	42 holes	19,030 feet

The results of this drilling were covered in reports to shareholders dated May 30th and September 30th, 1967. Appended to this re-

port are a location map of the above areas and detailed drill plans.

The Katiniq drill program was designed primarily to establish the mineable continuity of the sulphide zones outlined by the previous work and possible extensions to the east and west. The results indicated a series of mineable lenses along a strike length of approximately 1,600 feet plunging gently to the east at depths up to 600 feet. The zone is open both to the east and west. Additional drilling on a comparable grid pattern along this structure is required before the full potential of this zone can be assessed.

The Katiniq results lend encouragement to the Raglan occurrences which have only been defined on a relatively wide-spaced grid interval. Drilling results in the Raglan area delimited the lateral extent of the Raglan West zone and indicated significant extensions of the Raglan East zone to the north-west. Additional surface drilling is required to define the extent of this zone.

Facilities at Raglan including sinking plant, diesel power equipment and all service buildings were well advanced in preparation for underground testing of this area and the shaft was collared to a depth of 55.4 feet. The season's work was completed by October 18 and the work force removed from the location.

The transportation of supplies and equip-

ment into the area and the support required to service the field operations comprised a major part of the year's activities. The work force at the site during the peak construction and diamond drilling periods of 1967 totalled 98 employees, including 18 Eskimos.

Studies related to access, transportation, material handling, metallurgical treatment, plant facilities and construction were continued throughout the year. These studies have served to indicate the magnitude of the work required to assess the feasibility of commercial operations in the area. Likewise, clarification of taxation and other monetary and legalistic matters, both Federal and Provincial, is needed before a feasibility report on this project can be completed. The report of The Royal Commission on Taxation (the Carter Report) still beclouds the issue until definitive legislation has been enacted.

Your Directors acknowledge the support given by all officers and employees of the Company, by Falconbridge Nickel Mines Limited and by the various contractors.

It is with deep regret that we record the passing, early in 1968, of Mr. R. C. Mott, who had rendered valuable service as a Director of your Company since December 1965.

On behalf of the Board of Directors,
H. J. Fraser,
President.

April 4, 1968.

NEW QUEBEC RAGLAN MINES LIMITED

(Incorporated under the laws of Ontario)
and its subsidiary company
RAGLAN QUEBEC MINES LIMITED
(No Personal Liability)

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1967

(with comparative figures at December 31, 1966)

ASSETS		1967	1966
CURRENT ASSETS			
Cash		\$ 77,685	\$ 139,160
Short term securities at cost which approximates market value		1,065,816	1,236,485
Accounts receivable and accrued interest		26,963	7,124
		<u>1,170,464</u>	<u>1,382,769</u>
SHARES IN ASBESTOS CORPORATION LIMITED			
67,604 shares at cost (quoted market value, 1967 — \$1,284,476; 1966 — \$1,352,080)		627,655	627,655
FIXED ASSETS			
Mineral exploration licenses and staked claims in the Cape Smith-Wakeham Bay area of Ungava, Quebec, at cost		81,000	81,000
Buildings and prospecting equipment at nominal value		1	1
		<u>81,001</u>	<u>81,001</u>
OTHER ASSETS AND DEFERRED EXPENDITURES			
Exploration, development and administrative expenditures deferred (note 1) .		6,359,097	4,134,907
Special refundable tax		816	2,080
Organization expenses		11,651	11,651
		<u>6,371,564</u>	<u>4,148,638</u>
		<u>\$8,250,684</u>	<u>\$6,240,063</u>
LIABILITIES		1967	1966
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 285	\$ 119
Due to parent company, Falconbridge Nickel Mines Limited			95,523
		<u>\$ 285</u>	<u>\$ 95,642</u>
MINORITY INTEREST			
Amount representing exploration and development expenditures made by Falconbridge Nickel Mines Limited for which preferred shares of the subsidiary company are to be issued (note 1)		2,105,978	
SHAREHOLDERS' EQUITY			
Capital stock			
Authorized — 8,000,000 shares of \$1 each			
Issued — 7,500,000 shares		7,500,000	7,500,000
Deduct			
Discount less premium on shares	\$3,459,608		3,459,608
Less contributed surplus arising from reduction of capital in 1965	2,197,496		2,197,496
	<u>1,262,112</u>		<u>1,262,112</u>
Deficit	93,467		93,467
	<u>1,355,579</u>	<u>1,355,579</u>	<u>1,355,579</u>
Approved on behalf of the Board			
EVAN T. DONALDSON, Director.		6,144,421	6,144,421
H. J. FRASER, Director.		<u>\$8,250,684</u>	<u>\$6,240,063</u>

NEW QUEBEC RAGLAN MINES LIMITED

and its subsidiary company

CONSOLIDATED STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES DEFERRED

Year ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
EXPLORATION AND DEVELOPMENT		
Diamond drilling	\$ 273,448	\$ 260,203
Assaying, testing and license fees	38,526	14,676
Freight and air transportation	415,790	116,284
Diesel oil and gasoline	197,965	67,453
Other camp operating expenses	151,501	46,054
Construction of buildings	603,461	214,284
Equipment	349,036	175,259
Supplies	183,058	
Exploration office expenses	111,677	22,718
	<u>2,324,462</u>	<u>916,931</u>
ADMINISTRATIVE		
Office services	\$ 24,000	\$ 4,200
Legal and audit expense	4,795	1,609
Stock transfer expense	2,514	1,818
Stock exchange fees and expenses	555	7,321
Reports and meetings	2,308	1,483
Government fees and taxes	100	1,201
General expenses	581	767
	<u>34,853</u>	<u>18,399</u>
	<u>2,359,315</u>	<u>935,330</u>
DEDUCT		
Dividends received	67,604	67,604
Interest earned	67,521	96,994
	<u>135,125</u>	<u>164,598</u>
Expenditures (net) for the year (notes 1 and 2)	<u>2,224,190</u>	<u>770,732</u>
Expenditures deferred at January 1, 1967	4,134,907	3,364,175
Expenditures deferred at December 31, 1967	<u>\$6,359,097</u>	<u>\$4,134,907</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
SOURCE OF FUNDS		
Preferred shares of subsidiary company to be issued to Falconbridge Nickel Mines Limited for exploration and development expenditures (note 1) ..	\$2,105,978	
Refund of special refundable tax	1,264	
Disposal of supplies		\$ 166,471
	<u>2,107,242</u>	<u>166,471</u>
APPLICATION OF FUNDS		
Exploration, development and administrative expenditures, net (note 1)	2,224,190	770,732
Special refundable tax		2,080
	<u>2,224,190</u>	<u>772,812</u>
Decrease in working capital	116,948	606,341
Working capital at beginning of year	1,287,127	1,893,468
Working capital at end of year	<u>\$1,170,179</u>	<u>\$1,287,127</u>

NEW QUEBEC RAGLAN MINES LIMITED

and its subsidiary company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1967

1. EXPLORATION AND DEVELOPMENT AGREEMENT

The subsidiary company has entered into an agreement dated May 1, 1967 to issue preferred shares at par value to Falconbridge Nickel Mines Limited as consideration for exploration and development expenditures incurred by Falconbridge on the subsidiary company's property. The tax benefits with respect to these expenditures are claimable by Falconbridge and are not claimable by the subsidiary company. Pursuant to the agreement, Falconbridge incurred expenditures of \$2,105,978 for which it is entitled to receive 2,105,978 preferred shares of the subsidiary company.

2. EXPENDITURES IN 1966 FOR EXPLORATION AND DEVELOPMENT

The exploration and development expenditures for 1966 are those incurred by the companies subsequent to the expenditure by Falconbridge Nickel Mines Limited of approximately \$2,100,000 (including \$70,523 expended in 1965) in fulfilling its undertaking to expend this amount on a programme of exploration and development of the mining properties.

AUDITORS' REPORT

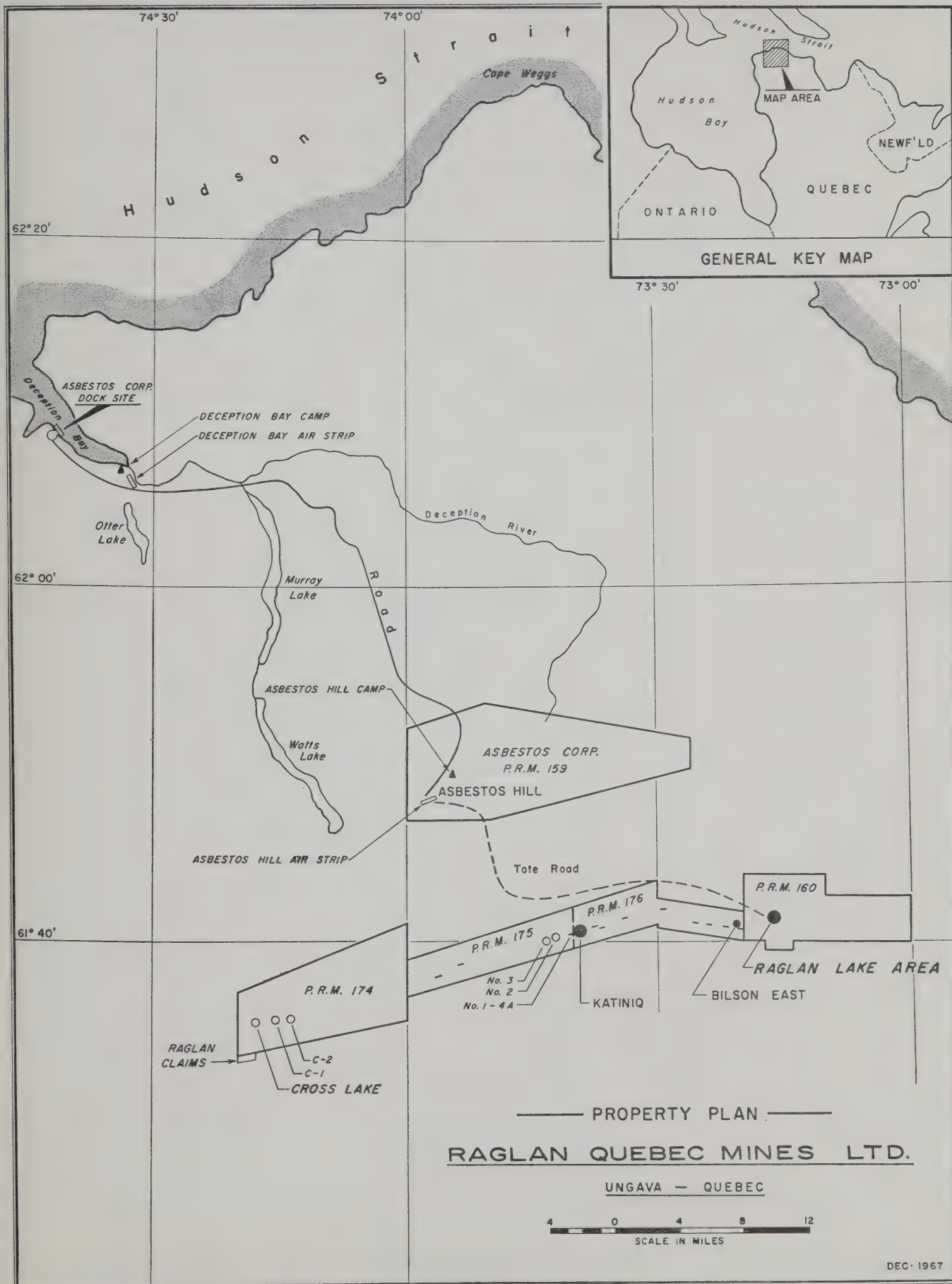
TO THE SHAREHOLDERS OF
NEW QUEBEC RAGLAN MINES LIMITED

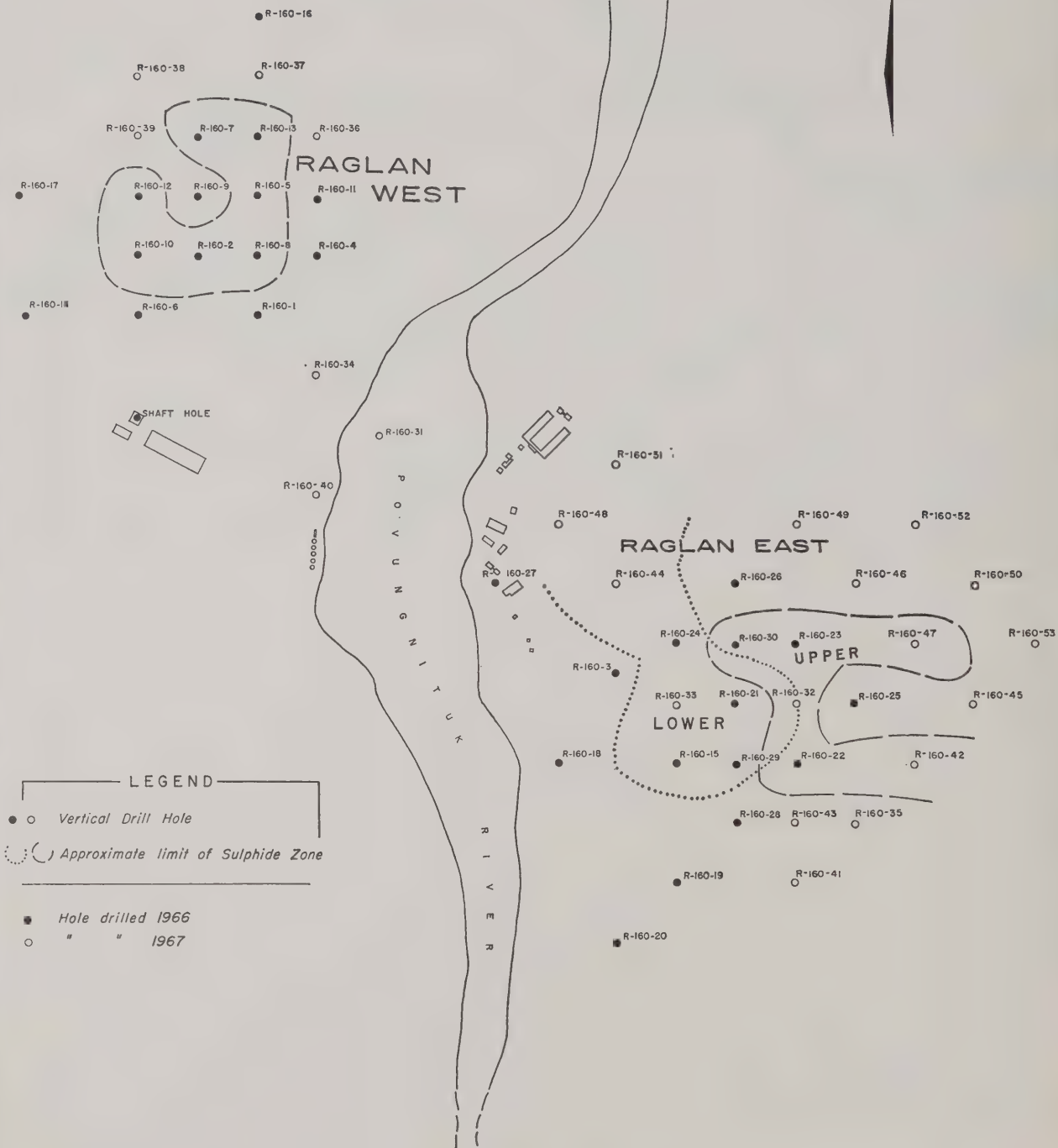
We have examined the consolidated balance sheet of New Quebec Raglan Mines Limited and its subsidiary company, Raglan Quebec Mines Limited (No Personal Liability), as at December 31, 1967 and the consolidated statements of exploration, development and administrative expenditures deferred and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 23, 1968

THORNE, GUNN, HELLIWELL & CHRISTENSON.,
Chartered Accountants.





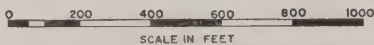
- LEGEND
- ○ Vertical Drill Hole
 - Approximate limit of Sulphide Zone
 - Hole drilled 1966
 - " " 1967

RAGLAN QUEBEC MINES LTD.

PLAN OF DRILLING

RAGLAN LAKE AREA - P.R.M.-160

UNGAVA, QUEBEC



DEC. 1967

LEGEND

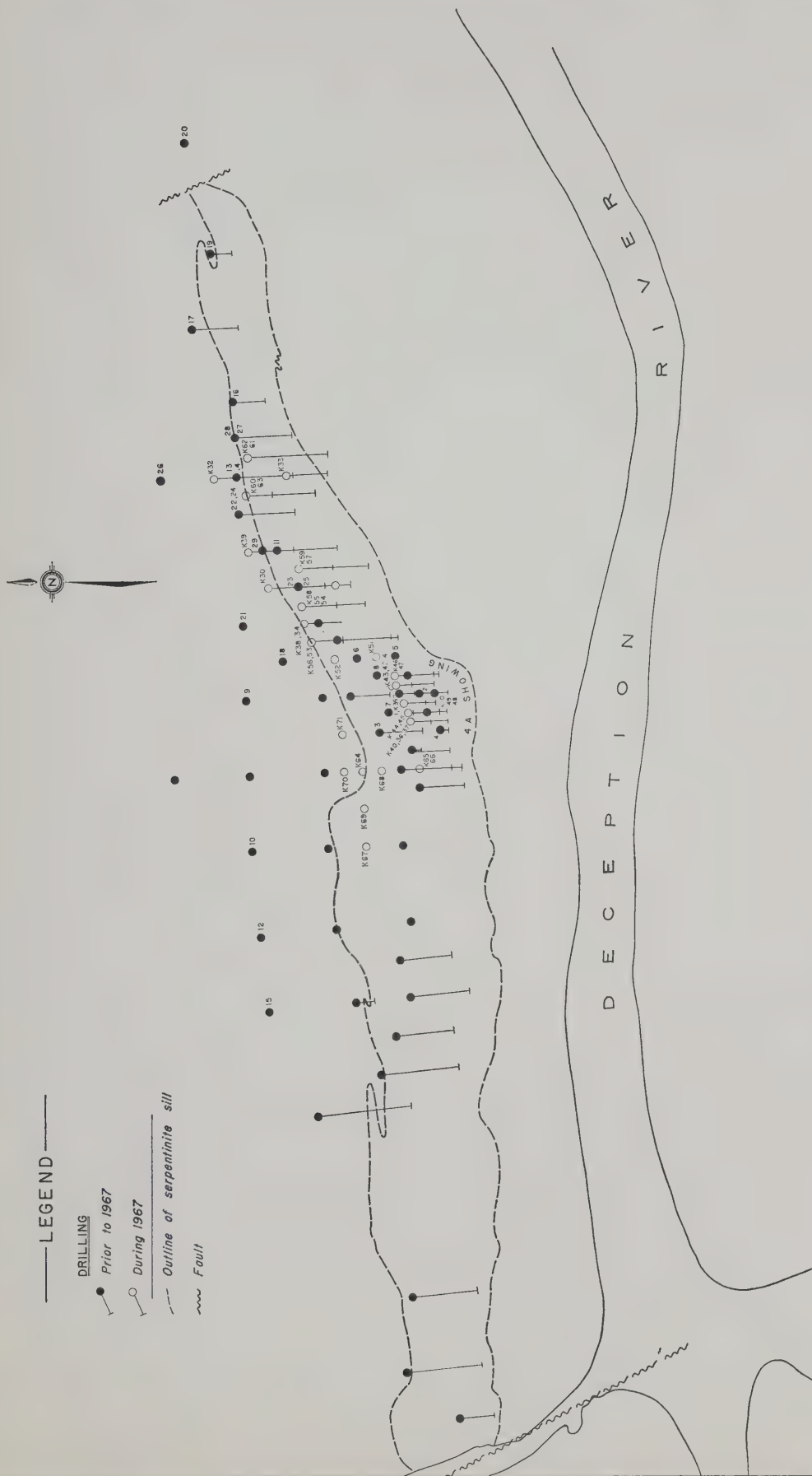
DRILLING

● Prior to 1967

○ During 1967

--- Outline of serpentinite sill

~ Fault



MAP OF KATINIQ SERPENTINITE SILL

